

LYNDON CITY COUNCIL
SPECIAL MEETING MINUTES OF
January 12, 2015

The Lyndon City Council met in special session on Monday, January 12, 2015, 7:00 p.m., at City Hall.

1. CALL TO ORDER: Mayor Smith called the meeting to order.
2. ROLL CALL: City Clerk called roll of the City Council. Mayor Brandon Smith and members Doug Watson, Chris Cole, and Bill Patterson present. Darby Kneisler absent with prior notification.

City Staff present: Betty Thompson, City Administrator; Julie Stutzman, City Clerk; David Wilson, Public Works Supervisor; and Darrel Manning, Chief of Police.

Others present: Kelly Hurla, Osage Herald Chronicle.

3. MOTION TO APPROVE SPECIAL MEETING AGENDA: Cole made the motion to approve the special meeting agenda as presented. Patterson seconded, motion carried.
4. CITIZEN'S STATEMENTS AND PETITIONS: None.
5. UNFINISHED BUSINESS: None.
6. NEW BUSINESS:

- a) BUDGET AND FINANCIAL UPDATES: The City Administrator provided the Council a 35 page packet with information regarding sales tax, rates of other local cities, 2014 year-end financial reports, previous samples of sales tax resolutions, a list of projects for 2015 and samples of past flyers/brochures sent to residents regarding the sales tax.

1) REVIEW OF SALES TAX OPTIONS: The City Administrator stated the City currently has a 1% sales tax for the purpose of geometric, water and sewer improvements. The statute for sales tax states cities can have up to two percent sales tax for general purpose and up to one percent for special purpose in increments of .05 percent. The City Administrator stated she spoke with Steve Brunkan with the Kansas Department of Revenue and he stated the State interprets the statute liberally. He stated a city can have a combination of rates in general and special purpose sales taxes, however, if the sales tax rate exceeds two percent, then the portion of the rate over that two percent needs to have a sunset of not more than 10 years. The City Administrator stated the maximum total sales tax rate for a city is three percent. She stated general-purpose sales tax does not have an expiration date; can be repealed by ordinance and continues until the end of a quarter. The City Administrator stated if the Council wants to put the half-percent sales tax on the ballot, the earliest effective date is July 1, 2015. She also discussed with the Council how Lyndon compares with sales tax rates of nearby cities.

2) 2014 YEAR END REPORTS: The City Administrator discussed with Council the 2014 year-end balance and encumbrances. She stated the 2014 budget does not need amended. After a city-requested meeting with the auditor, changes to several processes are needed - - year-end encumbrances, maintaining positive fund balances

during the year, and recording debts when incurred instead of when paid. The City Administrator stated historically three of the City's funds have negative balances throughout the year. These include the Pool, Community Center and Employee Benefits. The City Administrator discussed the parks fund that includes Pride expenses. She also provided information regarding the budget process and briefly discussed department head and City Administrator spending authority. The City Administrator stated the City needs to update the Capital Improvement Plan and discussed the process.

3) 2015 PROJECTS: The City Administrator provided the Council a list of projects for the Council to review and discuss. Some of the projects or purchases have already been included in the 2015 budget. The City Administrator stated the list was to help decide what projects the sales tax would subsidize. The City Administrator provided the Council revenue and expense sheets on the City 1% sales tax. She discussed the actual numbers for 2014 revenue and expenses and the projections for 2015 and 2016. It was noted the streetlights were paid off in 2014; City Hall and the swimming pool will be paid off in 2016.

4) COMMUNITY COMMUNICATION OPTIONS: The Council discussed the information flyers sent to residents in the past years and how to relay the information more effectively to the community.

The City Administrator spoke with a neighboring city that divided the special purpose 1% sales tax into quarters of a percent and specified what each quarter would fund. She stated this would allow funding of different projects with the proposed tax. Cole asked how long the sales tax would be in effect and the City Administrator stated it depended if it was general or special purpose. Patterson asked about the deadline for the resolution and on deciding on whether to pursue the half-percent sales tax. The City Administrator stated the resolution to put the half-percent sales tax on the ballot needs to be submitted to the County Clerk by February 1st. After further discussion regarding the City pursuing the half-percent sales tax, the proposed language for the resolution is as follows:

Shall a retailers' sales tax in the amount of one-half percent (.5%) be levied in the City of Lyndon, Kansas for the purpose of providing additional revenue for an adequate level of public services within the City, including, but not limited to, the maintenance, replacement and improvements of city water and sewer systems, public streets and culverts, and public parks, as a way of avoiding possible increases in the mill levy, to take effect on July 1, 2015 and expire on June 30, 2025.

7. EXECUTIVE SESSION: None.

8. ADJOURNMENT: Patterson made the motion to adjourn to January 20, 2015 at 7:00 p.m. for regular meeting. Cole seconded, motion carried.

Julie Stutzman, City Clerk